April 19, 2004

City Council
The Corporation of the City of Penticton

Your Worship and Members of Council:

Pursuant to Section 167(1) of the *Community Charter,* I am pleased to submit the audited Financial Statements for the year ended December 31, 2003.

The statements were prepared according to accounting principles generally accepted for municipal organizations in British Columbia.

The preparation and presentation of the financial information is the responsibility of the Management of the Corporation. The financial statements have been audited by BDO Dunwoody, Chartered Accountants, who state in their Auditor's report that, in their opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations for the year then ended.

The operations of the Municipality are segregated into various funds for accounting and financial reporting purposes, each being treated as a separate entity. The funds are as follows:

General Capital Fund
General Operating Fund
Water Utility Capital Fund
Water Utility Operating Fund
Reserve Funds
Sanitary Sewer Utility Capital Fund
Sanitary Sewer Utility Operating Fund
Electric Utility Capital Fund
Electric Utility Operating Fund

The Annual Report includes the financial statements for each entity as well as consolidation statements for all entities. The highlights from these reports are summarized below:

CAPITAL EXPENDITURES

		2003	***2002***
General Fund:			
	Revenue Funds	$2,828,052	$4,698,117
	Reserve Funds	1,277,328	1,220,544
	Provincial Grants	85,989	210,915
	Federal Grants	68,933	-
	Debt Funds	254,050	392,355
	Other Contributions	206,630	627,624
		$4,720,982	**$7,149,555**
Sewer Utility:	Revenue Funds	517,302	$133,854
	Debt Funds	82,532	-
	Other Contributions	7,574	17,423
		$607,408	**$151,277**
Water Utility:	Revenue Funds	791,793	$336,543
	Reserve Funds	356,954	-
	Provincial Grants	(242)	12,946
	Debt Funds	355,743	-
	Other Contributions	207,594	75,249
		$1,711,842	**$424,738**
Electric Utility	Revenue Funds	584,585	$459,540
	Other Contributions	261,378	242,304
		$845,963	**$701,844**
TOTAL CAPITAL EXPENDITURES		**$7,886,195**	**$8,427,414**

His Worship the Mayor and Council

Major capital projects included in the above summary are:

General Capital

City-wide Transportation Works	$2,271,321
Information and Technology Works	759,561
Parks - Landscape and Development	443,417
City Parkland Acquisition	269,927
Trade and Convention Centre - Phase 3 Upgrade	211,688
Fire Department Equipment	140,696

Utilities

Sewer Mains	$295,870
Sewer Treatment Plant Works	289,348
Water Distribution System	845,170
Water - Land	338,091
Electric Utility Services	256,325
Electric Utility Line Reconstruction	293,878
Electric Utility Voltage Conversion Program	275,114

Operating Expenditures and Debt Charges

(excludes transfers to other funds, reserves and transmission of taxes:)

		2003	2002
General Revenue Fund:	Operating	$25,946,643	$23,842,789
	Debt	1,385,098	1,087,191
		$27,331,741	$24,929,980
Sewer Utility:	Operating	$1,839,691	$1,696,923
	Debt (note*)	343,398	338,075
		$2,183,089	$2,034,998
Water Utility:	Operating	$1,950,485	$1,817,096
	Debt	609,316	715,578
		$2,559,801	$2,532,674
Electric Utility:	Operating	$15,550,278	$14,379,175
TOTAL NET OPERATING EXPENDITURES		$47,624,909	$43,876,827

*Debt Charges recoverable from the Province:

- Sewer	-	$15,386

Financial Statistics

	2003	2002
Real Property Taxes	$16,360,015	$15,332,809
Collection of taxes for other Governments	15,636,193	15,403,786
Long-Term Debt Outstanding	10,348,553	11,841,379
Per Capita Debt – General Purposes	158	189
Per Capita Debt – Utilities	176	193

Investment Earnings
Investment of all excess Revenue and Reserve Funds generated $1,157,363 in 2003 compared to $1,121,401 in 2002. Our portfolio was adjusted to increase our bond holdings that resulted in a better return. The change was made to partially counter the declining interest rate pattern that initially began in 2001 and has continued in 2003.

Surplus
A general revenue fund appropriation of $376,028 was required. This represented a favourable variance of $458,901 for the year as the 2003 annual budget appropriation was $834,929. The balance in accumulated general surplus as at December 31, 2003 is $2,574,024. The surplus can be attributed to various departments operating under their budget provisions.

Sewer System
An appropriation from surplus of $38,384 was required. The budget appropriation was $31,126. The balance in sewer surplus account is $2,061,978.

Water Utility
A surplus of $250,173 was generated which was transferred to the water utility surplus account. Water sales were higher than anticipated and some capital projects were deferred. The balance in water surplus account is $2,308,230.

Electric Utility
The electric utility ended the year with a surplus balance of $5,269,521 as the result of an appropriation from surplus of $555,243. This was due primarily to an increase in the transfer to the General Fund.

Library
The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of $817,709 which includes an allowance of $154,006 for building and administration costs, and $16,698 for capital purposes.

Respectfully submitted,

Jack Kler
Director Corporate Services/Treasurer

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Position

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCIAL ASSETS		
Cash	$ 7,165,596	$ 2,381,100
Term Deposits	26,194,420	27,963,312
Receivables		
Property Taxes	701,438	777,111
Province of B.C.	834,823	322,879
Okanagan Basin Water Board	100,731	105,610
Other Government Agencies	20,937	136,647
Utility Accounts	1,426,275	1,503,091
Accrued Interest	238,948	232,353
Other	1,352,003	1,020,158
Deposit - Municipal Finance Authority	1,341,643	1,320,189
	39,376,814	35,762,450
LIABILITIES		
Payables		
Federal Government	103,067	785,765
Trade Accounts and Accrued Liabilities	6,678,924	5,586,182
Deferred Revenue	2,016,817	1,637,333
Sundry Deposits	1,514,255	1,077,626
Penticton Public Library	57,328	47,297
Reserve - Municipal Finance Authority	1,341,643	1,320,189
Long-term Debt	10,348,553	11,841,379
	22,060,587	22,295,771
Net Financial Assets (Liabilities)	17,316,227	13,466,679
Physical Assets		
Capital Assets	216,903,549	207,658,926
Net Position	$ 234,219,776	$ 221,125,605
Municipal Position		
Equity in Physical Assets	206,554,996	195,817,547
Capital and Operating Fund	15,921,835	13,974,848
Statutory Reserve Funds	11,742,945	11,333,210
	$ 234,219,776	$ 221,125,605

Consolidated Statement of Financial Activities

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003	2003 Budget (Unaudited)	2002
REVENUE			
Taxation - net	$ 16,722,533	$ 16,729,944	$ 15,682,179
Grants in Lieu of Taxes	172,882	172,882	169,790
Sales of Services	34,099,118	33,476,372	31,628,075
Other Revenue from Own Sources	5,159,018	4,093,857	4,392,342
MFA Debt Reserve Refund	-	-	641,421
Transfer from Unexpended Debt Funds	1,211	-	52,355
Contributions from Developers and Others	683,176	233,407	962,600
Unconditional Transfers - Provincial Government	82,396	83,000	84,239
Conditional Transfers - Federal Government	74,540	15,750	7,277
Conditional Transfers - Provincial Government	167,562	60,648	304,313
Conditional Transfers - Regional and Local Governments	228,386	225,529	231,976
	57,390,822	55,091,389	54,156,567
EXPENDITURE			
General Government Services	5,167,829	5,580,401	4,787,232
Protective Services	9,379,349	8,575,166	8,201,434
Transportation Services	2,616,061	2,875,184	2,556,529
Environmental Health Services	5,401,108	4,877,927	5,203,796
Public Health Services	108,440	110,824	107,957
Environmental Development Services	1,993,855	2,841,016	2,011,306
Recreation and Cultural Services	6,065,725	6,151,377	5,703,177
Electric Supply	15,550,278	15,949,006	14,379,175
Bank Charges and Interest	35,978	42,300	27,921
Temporary Borrowings	-	-	127,987
Capital Expenditures	7,886,195	12,195,719	8,427,414
	54,204,818	59,198,920	51,533,928
Net Revenue/(Expenditure)	3,186,004	(4,107,531)	2,622,639
Proceeds from Long Term Debt	-	-	340,000
Debt Principal Repayments	(1,239,017)	-	(973,621)
Increase/(Decrease) in Fund Balances	1,946,987	(4,107,531)	1,989,018
FUND BALANCE, as previously reported	14,154,936	14,154,936	12,112,137
Prior Period Adjustment - Prepaids (Note 7)	(180,088)		(126,307)
FUND BALANCE, BEGINNING OF YEAR as restated	13,974,848		11,985,830
	$ 15,921,835	$ 10,047,405	$ 13,974,848

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
CASH	$ 7,165,596	$ 2,381,100
TERM DEPOSITS	26,724,420	28,454,312
RECEIVABLES		
Property Taxes	701,438	777,111
Province of B.C.	834,823	322,879
Okanagan Basin Water Board	100,731	105,610
Regional District Okanagan Similkameen	15,171	105,061
Other Government Agencies	5,766	31,586
Utility Accounts	1,426,275	1,503,091
Other	1,352,003	1,020,158
	4,436,207	3,865,496
MATERIALS AND SUPPLIES	1,901,706	1,965,204
FIXED ASSETS		
Engineering Structures	144,103,971	138,904,797
Buildings	39,687,001	37,783,355
Machinery and Equipment	21,497,829	20,007,024
Land	11,614,748	10,963,750
	216,903,549	207,658,926
OTHER ASSETS		
Trusts and Other Deposits		
Municipal Finance Authority	1,341,643	1,320,189
Accrued Interest Receivable	252,528	244,334
Prepaid Expenses	176,317	180,088
	1,770,488	1,744,611
	$ 258,901,966	$ 246,069,649

Consolidated Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
LIABILITIES AND SURPLUS		
PAYABLES		
Federal Government	$ 103,067	$ 785,765
Trade Accounts and Accrued Liabilities	6,784,674	5,586,182
	6,887,741	6,371,947
OTHER LIABILITIES		
Deferred Revenue	2,016,817	1,637,333
Sundry Deposits	1,514,255	1,077,626
Penticton Public Library	57,328	47,297
Municipal Finance Authority Debt Reserve Fund		
Cash Requirement	522,462	501,008
Demand Note Requirement	819,181	819,181
	4,930,043	4,082,445
LONG-TERM DEBT		
Debentures Authorized and Issued	10,348,553	11,841,379
EQUITY		
Financial Equity		
Statutory Reserve Funds	11,742,945	11,333,211
Cemetery Trust Fund	564,660	523,028
Surplus & Own Reserves	19,023,465	16,603,124
	31,331,070	28,459,363
Equity in Capital Assets	205,404,559	195,314,515
Total Equity	236,735,629	223,773,878
	$ 258,901,966	$ 246,069,649

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003	2003 Budget (Unaudited)	2002
REVENUES			
Taxation	$ 16,729,944	$ 16,734,910	$ 15,682,384
Grants in Lieu of Taxes			
Federal Government	65,088	60,000	61,834
Provincial Government	107,794	102,200	107,956
Sales of Services			
General	8,675,681	7,703,390	7,297,543
Sewer Utility	2,113,687	2,157,000	2,101,648
Water Utility	3,742,509	3,852,395	3,686,252
Electric Utility	19,539,580	19,735,926	18,472,407
Transfer from Unexpended Debt Funds	1,211	-	52,355
Municipal Finance Authority Debt Reserve Fund	29,368	-	641,421
Other Revenue from Own Sources	5,609,204	4,435,979	5,149,467
Other Revenue	646,194	1,520,500	-
Interest Earned	4,645	-	5,134
Contributions from Developers and Others	683,176	233,407	962,601
Unconditional Transfers - Provincial Government	82,396	83,000	84,239
Conditional Transfers - Federal Government	74,540	15,750	7,277
Conditional Transfers - Provincial Government	167,565	60,648	304,313
Conditional Transfers - Regional and Local Governments	228,386	225,529	231,976
Debt Proceeds	-	-	340,000
Collections for Other Governments	15,636,193	15,659,587	15,403,786
	$ 74,137,161	$ 72,580,221	$ 70,592,593
EXPENDITURES			
General Government Services	$ 5,207,564	$ 5,338,009	$ 4,671,819
Protective Services	9,122,699	8,575,166	7,944,784
Transportation Services	2,616,061	2,875,184	2,551,659
Environmental Health Services	4,728,138	4,877,927	4,490,372
Public Health Services	108,440	110,824	107,957
Environmental Development Services	1,993,855	2,168,046	2,011,306
Recreation and Cultural Services	5,924,084	5,953,074	5,550,989
Electric Supply	15,550,278	15,949,006	14,379,175
Fiscal Services			
Bank Charges and Interest	35,978	42,300	27,921
Long-term Debt Charges - Interest	1,098,795	1,113,565	1,060,169
- Principal	1,239,017	1,239,017	973,621
Temporary Borrowings	-	-	127,987
Capital Expenditures	7,886,195	12,195,719	8,427,414
Transfer to Other Governments and Boards	15,643,604	15,659,587	15,403,991
Transfer to/(from) Surplus & Reserves	2,982,453	(3,517,203)	2,863,429
	$ 74,137,161	$ 72,580,221	$ 70,592,593

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003	2002
Cash flows from (to)		
Operations		
Net increase(decrease) in financial equity	$ 2,871,707	$ 2,704,768
Net increase in equity in capital assets	8,666,216	9,582,378
Decrease(increase) in accounts receivable	(723,200)	(139,066)
Decrease(increase) in taxes and utilities receivable	152,489	255,092
Decrease(increase) in inventory	63,498	(21,541)
Decrease(increase) in prepaid expenses	3,771	(53,781)
Decrease(increase) in investments	(8,194)	206,294
Increase(decrease) in accounts payable	515,794	114,787
Increase(decrease) in refundable deposits	436,629	(109,811)
Increase(decrease) in deferred revenue	389,515	390,605
Net cash from operations	12,368,225	12,929,725
Financing		
Increase in long term debt	-	340,000
Principal repayments on long-term debt	(1,492,826)	(1,534,555)
Decrease in deposits - MFA	21,454	(877,930)
Decrease in MFA cash and demand notes payable	(21,454)	877,930
	(1,492,826)	(1,194,555)
Investments		
Expenditures on capital assets	(7,886,195)	(8,427,414)
Cost of assets disposed and write-down	65,400	115,223
	(7,820,795)	(8,312,191)
Change in cash and short-term investments	3,054,604	3,422,979
Cash and short-term investments, beginning of year	30,835,412	27,412,433
Cash and short-term investments, end of year	$ 33,890,016	$ 30,835,412
Consisting of:		
Restricted cash		
Statutory reserves and deferred revenue	13,207,385	12,583,507
Cemetery Care Trust Fund	530,000	491,000
Utilities	7,668,897	7,649,360
	21,406,282	20,723,867
Current funds	12,483,734	10,111,545
	$ 33,890,016	$ 30,835,412

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Equity in Capital Assets

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 195,314,515	$ 185,732,137
ADD		
Assets Acquired by Transfer		
Federal Government	68,933	-
Provincial Government	85,747	223,861
Development Cost Charges Reserve Fund	398,728	115,908
Capital Reserve Fund	441,804	308,099
Equipment Replacement Reserve Fund	758,759	547,356
Electric Capital Reserve Fund	34,991	249,181
Revenue Funds	4,717,087	5,690,577
Interest Earned	4,645	5,134
Other Contributions	683,176	962,600
Retirement of Long-term Debt	1,239,017	943,379
Actuarial Sinking Fund Requirement	253,809	591,176
Repayment of Loan from Local Improvement Reserve Fund	44,920	60,330
	8,731,616	9,697,601
ADD		
Prior Period Valuation Adjustment (Note 7)	1,423,828	-
DEDUCT		
Assets Written Off	65,400	115,223
BALANCE, END OF YEAR	$ 205,404,559	$ 195,314,515

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Capital Financing

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCES ACQUIRED		
Unexpended Funds at Beginning of Year	$ 149,923	$ 202,278
Federal Government	68,933	-
Provincial Government	85,747	223,861
Debentures issued by MFA	-	340,000
Transfers from		
Development Cost Charges Reserve Fund	398,728	115,908
Capital Reserve Fund	441,804	308,099
Equipment Replacement Reserve Fund	758,759	547,356
Electric Capital Reserve Fund	34,991	249,181
Revenue Funds	4,717,087	5,690,577
Interest Earned	4,645	5,134
Other Contributions	683,176	962,600
Repayment of Loan from		
Local Improvement Reserve Fund	44,920	60,330
Temporary Borrowings and Payables		
At End of Year	1,299,149	652,955
	$ 8,687,862	$ 9,358,279
FINANCES APPLIED		
Temporary Borrowings and Payables		
At Beginning of Year	$ 652,955	$ 780,942
Expenditures for General Fixed Assets	7,886,195	8,427,414
Unexpended Funds at End of Year	148,712	149,923
	$ 8,687,862	$ 9,358,279

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Statutory Reserve Fund Operations

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 11,333,211	$ 10,867,845
ADD		
Transfers from		
Revenue Funds	1,971,334	1,649,630
Interest Earned	342,122	344,266
	13,646,667	12,861,741
DEDUCT		
Transfers to		
Revenue Funds	124,520	108,500
Capital Funds	1,779,202	1,420,030
BALANCE, END OF YEAR	$ 11,742,945	$ 11,333,211

Summary of Statutory Reserve Fund Balances

Equipment Replacement		$ 3,199,656	$ 3,058,134
Tax Sale Lands		5,563	5,392
Development Cost Charges	- Roads	159,543	121,295
	- Public Open Space	1,232,417	1,195,905
	- Water Filtration Plant	154,125	62,229
	- Sanitary Sewer	512,498	475,488
	- Storm Sewer	105,923	28,375
	- Gordon Ave Reservoir	19,645	1,585
Capital		1,116,477	955,137
Local Improvement		985,411	940,854
Sewer System Capital		1,273,712	1,234,695
Water System Capital		2,173,516	2,439,850
Electric Capital		746,922	758,497
Off-Site Parking		57,537	55,775
		$ 11,742,945	$ 11,333,211

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
CASH	$ 7,165,596	$ 2,381,100
TERM DEPOSITS	26,194,420	27,963,312
RECEIVABLES		
Property Taxes	701,438	777,111
Provincial Government	834,823	315,185
Regional District Okanagan Similkameen	15,171	105,061
Other Government Agencies	5,766	31,586
General Capital Fund	124,078	-
Water Capital Fund	601,614	245,871
Other	857,253	796,078
	3,140,143	2,270,892
MATERIALS AND SUPPLIES	321,775	324,575
OTHER ASSETS		
Trusts and Other Deposits		
Municipal Finance Authority	583,063	571,947
Accrued Interest Receivable	238,948	232,353
Prepaid Expenses	176,317	180,088
	998,328	984,388
	$ 37,820,262	$ 33,924,267

	2003	2002
LIABILITIES AND SURPLUS		
PAYABLES		
Other Funds		
Equipment Replacement Reserve Fund	$ 3,199,656	$ 3,058,134
Tax Sale Lands Reserve Fund	5,563	5,392
Development Cost Charges Reserve Fund	2,184,151	1,884,877
Capital Reserve Fund	1,116,477	955,137
Local Improvement Reserve Fund	411,954	533,770
Water Capital Reserve Fund	2,173,516	2,439,850
Sewer Capital Reserve Fund	1,273,712	1,234,695
Electric Capital Reserve	746,922	758,497
Off-Site Parking Reserve Fund	57,537	55,775
Cemetery Perpetual Care Fund	21,080	20,047
	11,190,568	10,946,174
Sewer Utility	2,321,524	2,298,797
Water Utility	2,350,623	2,059,140
Electric Utility	2,848,038	3,141,500
General Capital Fund	148,712	149,923
Federal Government	103,067	785,765
Trade Accounts and Accrued Liabilities	6,784,674	5,586,182
Deferred Revenues	2,016,817	1,637,333
Sundry Deposits	792,208	716,735
Penticton Public Library	57,328	47,297
Municipal Finance Authority Debt Reserve Fund		
Cash Requirement	270,727	259,611
Demand Note Requirement	312,336	312,336
	583,063	571,947
RESERVES FOR FUTURE EXPENDITURES		
Marinas	168,559	150,295
Downtown Revitalization	121,350	159,632
Parking Lot Development	8,824	7,704
Cemetery Land	58,000	33,000
Park & Associated Areas Development	33,996	30,380
Facilities Improvements	13,150	13,150
Other - Capital	1,875,019	693,610
Other - Operating	363,314	159,098
	2,642,212	1,246,869
ASSET VALUATION ALLOWANCES		
Allowance for Doubtful Accounts	45,206	38,206
OTHER RESERVES		
Gaming	1,955,956	475,403
RCMP Services Stabilization	100,000	100,000
Rate Stabilization	200,000	200,000
Investment Income Stabilization	480,351	402,724
Liability Insurance	455,001	405,001
Vehicle Insurance	151,295	147,914
Airport Capital	12,804	12,804
Tax Sale Surplus	6,791	4,501
SURPLUS	2,574,024	2,950,052
	$ 37,820,262	$ 33,924,267

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Surplus

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 2,950,052	$ 2,766,829
Transfer from/(to) General Revenue Fund	(376,028)	183,223
BALANCE, END OF YEAR	$ 2,574,024	$ 2,950,052

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
REVENUE			
Taxation			
Real Property	$ 16,184,781	$ 16,199,238	$ 15,118,015
Special Assessments	175,234	167,045	214,794
	16,360,015	16,366,283	15,332,809
Grants in Lieu of Taxes			
Federal Government	65,088	60,000	61,834
Provincial Government	107,794	102,200	107,956
	172,882	162,200	169,790
Sales of Services	8,703,342	7,731,051	7,367,768
Other Revenue from Own Sources	5,244,397	4,093,857	4,778,855
Municipal Finance Authority Debt Reserve Fund	495	-	79,241
Unconditional Transfers - Provincial Government	82,396	83,000	84,239
Conditional Transfers - Federal Government	5,607	15,750	7,277
Conditional Transfers - Provincial Government	81,818	60,648	65,066
Conditional Transfers - Regional and Local Governments	32,959	32,959	31,670
Transfer from Own Reserves	1,641,212	1,996,087	3,721,552
Transfer from Other Funds			
Development Cost Charges Reserve Fund	100,000	100,000	139,158
Electric Utility Revenue Fund	2,091,724	171,441	1,081,070
	17,983,950	14,284,793	17,355,896
Collections for Other Governments			
School District	12,134,420	12,152,121	11,908,418
Regional Hospital District	1,977,478	1,980,587	1,978,621
Municipal Finance Authority	581	583	587
B.C. Assessment Authority	348,782	349,360	359,373
Regional District Okanagan Similkameen	919,609	921,613	866,764
Okanagan Basin Water Board	255,323	255,323	290,023
	15,636,193	15,659,587	15,403,786
	$ 50,153,040	$ 46,472,863	$ 48,262,281

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
EXPENDITURE			
General Government Services	$ 5,207,564	$ 5,338,009	$ 4,671,819
Protective Services	9,122,699	8,575,166	7,944,784
Transportation Services	2,616,061	2,875,184	2,551,659
Environmental Health Services	937,962	996,063	976,354
Public Health Services	108,440	110,824	107,957
Environmental Development Services	1,993,855	2,168,046	2,011,306
Recreation and Cultural Services	5,924,084	5,953,074	5,550,989
	25,910,665	26,016,366	23,814,868
Fiscal Services			
Bank Charges and Interest	35,978	42,300	27,921
Long-term Debt Charges - Interest	425,825	440,595	453,799
- Principal	959,273	959,273	633,392
	1,421,076	1,442,168	1,115,112
Transfer to Own Reserves	4,795,812	1,935,840	3,141,941
Transfer to Other Funds			
Development Cost Charges Reserve Fund	588,582	616,000	525,998
Equipment Replacement Reserve Fund	803,724	753,724	781,164
General Capital Fund	1,039,061	719,070	3,108,071
Local Improvement Reserve Fund	74,767	74,745	87,639
Capital Reserve	232,830	74,292	81,407
Cemetery Perpetual Care Trust Fund	18,947	16,000	18,867
	2,757,911	2,253,831	4,603,146
Transfer to Other Governments and Boards			
School District	12,136,791	12,152,121	11,908,418
Regional Hospital District	1,980,108	1,980,587	1,979,460
Municipal Finance Authority	582	583	587
B.C. Assessment Authority	349,265	349,360	359,281
Regional District Okanagan Similkameen	921,535	921,613	866,222
Okanagan Basin Water Board	255,323	255,323	290,023
	15,643,604	15,659,587	15,403,991
Transfer to/(from) Surplus	(376,028)	(834,929)	183,223
	$ 50,153,040	$ 46,472,863	$ 48,262,281

GENERAL CAPITAL FUND

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
RECEIVABLES		
Due from General Revenue	$ 148,712	$ 149,923
FIXED ASSETS		
Engineering Structures	54,226,416	51,754,667
Buildings	33,070,395	31,176,597
Machinery and Equipment	20,590,023	19,189,067
Land	11,076,765	10,763,858
	$ 119,112,311	$ 113,034,112
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
General Revenue Fund	$ 124,078	$ -
Loan from Local Improvement Fund	398,053	302,785
LONG-TERM DEBT		
Debentures Authorized and Issued	4,881,251	5,852,924
EQUITY IN CAPITAL ASSETS	113,708,929	106,878,403
	$ 119,112,311	$ 113,034,112

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Equity in Capital Assets

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 106,878,403	$ 99,556,795
ADD		
Assets Acquired by Transfer		
Federal Government	68,933	-
Provincial Government	85,989	210,915
Development Cost Charges Reserve Fund	379,865	115,908
Capital Reserve Fund	103,713	308,099
Equipment Replacement Reserve Fund	758,759	547,356
Electric Capital Reserve Fund	34,991	249,181
Sewer Utility	-	205,020
Water Utility	-	205,020
Electric Utility	1,784,346	1,214,030
General Revenue Fund	1,039,061	3,108,071
Interest Earned	4,645	5,134
Other Contributions	206,630	627,624
Retirement of Long-term Debt	959,273	603,150
Actuarial Sinking Fund Requirement	12,400	6,048
Repayment of Loan from Local Improvement Reserve Fund	33,493	31,275
	5,472,098	7,436,831
ADD		
Prior Period Valuation Adjustment (Note 7)	1,423,828	-
DEDUCT		
Assets Written Off	65,400	115,223
BALANCE, END OF YEAR	$ 113,708,929	$ 106,878,403

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Capital Financing

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCES ACQUIRED		
Unexpended Funds at Beginning of Year	$ 149,923	$ 202,278
Federal Government	68,933	-
Provincial Government	85,989	210,915
Debentures issued by MFA	-	340,000
Transfers from		
Development Cost Charges Reserve Fund	379,865	115,908
Capital Reserve Fund	103,713	308,099
Equipment Replacement Reserve Fund	758,759	547,356
Electric Capital Reserve Fund	34,991	249,181
Sewer Utility	-	205,020
Water Utility	-	205,020
Electric Utility	1,784,346	1,214,030
General Revenue Fund	1,039,061	3,108,071
Interest Earned	4,645	5,134
Other Contributions	206,630	627,624
Repayment of Loan from		
Local Improvement Reserve Fund	33,493	31,275
Temporary Borrowings and Payables		
At End of Year	522,131	302,785
	$ 5,172,479	$ 7,672,696
FINANCES APPLIED		
Temporary Borrowings and Payables		
At Beginning of Year	$ 302,785	$ 373,218
Expenditures for General Fixed Assets	4,720,982	7,149,555
Unexpended Funds at End of Year	148,712	149,923
	$ 5,172,479	$ 7,672,696

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

		2003	2002
ASSETS			
RECEIVABLES			
General Revenue Fund		$ 11,169,488	$ 10,926,127
General Capital Fund		398,053	302,785
Sewer Capital Fund		175,404	104,299
		$ 11,742,945	$ 11,333,211
LIABILITIES AND FUND BALANCES			
FUND BALANCES			
Equipment Replacement		$ 3,199,656	$ 3,058,134
Tax Sale Lands		5,563	5,392
Development Cost Charges	- Roads	159,543	121,295
	- Public Open Space	1,232,417	1,195,905
	- Water Mains/Filtration Plant	154,125	62,229
	- Sanitary Sewer	512,498	475,488
	- Storm Sewer	105,923	28,375
	- Gordon Ave Reservoir	19,645	1,585
Capital		1,116,477	955,137
Local Improvement		985,411	940,854
Sewer System Capital		1,273,712	1,234,695
Water System Capital		2,173,516	2,439,850
Electric Capital		746,922	758,497
Off-Site Parking		57,537	55,775
		$ 11,742,945	$ 11,333,211

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Changes in Fund Balance

December 31, 2003
(With comparative figures for 2002)

	Equipment Replacement	Tax Sale Lands	Capital	Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	2003 Total	2002 Total
BALANCE, BEGINNING OF YEAR	$ 3,058,134	$ 5,392	$ 955,137	$ 1,884,877	$ 940,854	$ 1,234,695	$ 2,439,850	$ 758,497	$ 55,775	$ 11,333,211	$ 10,867,845
ADD											
Transfers from											
General Revenue Fund	803,724	-	232,830	588,582	74,767	-	-	-	-	1,699,903	1,476,207
Sewer Utility Revenue Fund	-	-	-	21,669	-	-	-	-	-	21,669	17,374
Water Utility Revenue Fund	-	-	-	249,762	-	-	-	-	-	249,762	156,049
Interest Earned	96,557	171	32,223	62,509	14,710	39,017	71,757	23,416	1,762	342,122	344,266
	3,958,415	5,563	1,220,190	2,807,399	1,030,331	1,273,712	2,511,607	781,913	57,537	13,646,667	12,861,741
DEDUCT											
Transfers to											
General Capital Fund	758,759	-	103,713	479,865	33,493	-	-	34,991	-	1,410,821	1,251,819
Sewer Capital Fund	-	-	-	-	11,427	-	-	-	-	11,427	29,054
Water Capital Fund	-	-	-	18,863	-	-	338,091	-	-	356,954	-
Water Utility Revenue Fund	-	-	-	124,520	-	-	-	-	-	124,520	108,500
General Revenue Fund	-	-	-	-	-	-	-	-	-	-	139,157
BALANCE, END OF YEAR	$ 3,199,656	$ 5,563	$ 1,116,477	$2,184,151	$985,411	$1,273,712	$2,173,516	$746,922	$57,537	$11,742,945	$11,333,211

SEWER SYSTEM UTILITY
Revenue Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
RECEIVABLES		
Provincial Government	$ -	$ 7,694
Okanagan Basin Water Board	100,731	105,610
General Revenue Fund	2,321,524	2,298,797
Other	25,986	16,705
MATERIALS AND SUPPLIES	13,741	12,652
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	394,564	388,551
	$ 2,856,546	$ 2,830,009
LIABILITIES AND SURPLUS		
DEPOSITS	$ 50,708	$ 16,040
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	146,117	140,104
Demand Note Requirement	248,447	248,447
RESERVE FOR FUTURE EXPENDITURES	349,296	325,056
SURPLUS		
Balance at beginning of year	2,100,362	1,365,745
Transfer from/(to) Sewer Revenue	(38,384)	734,617
Balance at end of year	2,061,978	2,100,362
	$ 2,856,546	$ 2,830,009

SEWER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
REVENUE			
Sewer Levy	$ 369,929	$ 368,627	$ 349,575
Sewer Fixture Charges	2,020,261	1,997,000	1,999,463
Sewer Connections and Recoveries	71,757	145,000	84,812
Provincial Government Conditional Grant	-	-	15,386
Okanagan Basin Water Board Conditional Grant	195,427	192,570	200,306
Municipal Finance Authority Debt Reserve Refund	28,873	-	562,180
Development Cost Charges	21,669	15,000	17,374
Transfer from Own Reserve - Future Expenditures	315,760	315,760	212,526
TOTAL REVENUE	$ 3,023,676	$ 3,033,957	$ 3,441,622
EXPENDITURE			
Administration	$ 348,254	$ 350,318	$ 310,592
Sewage Collection Systems	292,064	241,000	229,027
Lift Station, Operation & Maintenance	35,361	53,824	39,551
Sewage Treatment and Disposal	1,164,012	1,162,284	1,117,714
Other	-	5,000	39
Long-term Debt Charges			
Interest	231,500	231,500	211,056
Principal	111,898	111,897	127,019
Contributions to Capital Fund	517,302	894,260	133,853
Transfer to Development Cost Charges Reserve	21,669	15,000	17,374
Transfer to General Capital Fund	-	-	205,020
Transfer to Own Reserve - Future Expenditures	340,000	-	315,760
Transfer to/(from) Surplus	(38,384)	(31,126)	734,617
TOTAL EXPENDITURE	$ 3,023,676	$ 3,033,957	$ 3,441,622

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
FIXED ASSETS		
Engineering Structures	$ 29,616,799	$ 29,020,196
Buildings	4,828,895	4,828,895
Machinery and Equipment	274,862	264,057
Land	137,521	137,521
	$ 34,858,077	$ 34,250,669
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Loan from Local Improvement Fund	$ 175,404	$ 104,299
LONG-TERM DEBT		
Debentures Authorized and Issued	1,575,393	1,857,736
EQUITY IN CAPITAL ASSETS	33,107,280	32,288,634
	$ 34,858,077	$ 34,250,669

SEWER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 32,288,634	$ 31,525,017
ADD		
Utility Revenue Fund	517,302	133,853
Other Contributions	7,574	17,423
Retirement of Long-term Debt	111,898	127,019
Actuarial Sinking Fund Requirement	170,445	456,267
Repayment of Loan from Local Improvement Reserve Fund	11,427	29,055
	818,646	763,617
BALANCE, END OF YEAR	$ 33,107,280	$ 32,288,634

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	517,302	133,853
Other Contributions	7,574	17,423
Repayment of Loan from		
Local Improvement Reserve Fund	11,427	29,055
Temporary Borrowings and Payables at End of Year	175,404	104,299
	$ 711,707	$ 284,630
FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	$ 104,299	$ 133,353
Expenditure for Fixed Assets	607,408	151,277
	$ 711,707	$ 284,630

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Revenue Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
RECEIVABLES		
General Revenue Fund	$ 2,350,623	$ 2,059,140
Utility Rates	215,653	227,267
Other	209,518	65,055
MATERIALS AND SUPPLIES	97,517	151,185
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	364,016	359,691
	$ 3,237,327	$ 2,862,338
LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	$ 272,781	$ 167,790
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	105,618	101,293
Demand Note Requirement	258,398	258,398
RESERVE FOR FUTURE EXPENDITURES	292,300	276,800
SURPLUS		
Balance at beginning of year	2,058,057	1,497,681
Transfer from/(to) Water Revenue	250,173	560,376
Balance at end of year	2,308,230	2,058,057
	$ 3,237,327	$ 2,862,338

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
REVENUE			
Water Rates	$ 3,417,533	$ 3,272,895	$ 3,381,547
Recoveries - Connections, Service & Other	75,214	424,500	42,096
Municipal Finance Authority Debt Reserve Refund	-	-	106,559
Development Cost Charges	249,762	155,000	156,049
Transfer from Own Reserve - Future Expenditures	276,800	276,800	301,211
Transfer from Development Cost Charges Reserve Fund	124,520	144,210	108,500
TOTAL REVENUE	$ 4,143,829	$ 4,273,405	$ 4,095,962
EXPENDITURE			
Administration	$ 348,120	$ 386,750	$ 375,048
Purification and Treatment	633,598	730,000	605,204
Transmission and Distribution	548,432	539,088	435,549
Pumping	291,021	270,000	268,448
Customer Billing and Collection	113,880	117,600	109,153
Other	15,434	26,000	23,694
Long-term Debt Charges			
Interest	441,470	441,470	502,368
Principal	167,846	167,847	213,210
Contributions to Capital Fund	791,793	1,595,526	365,043
Transfer to Development Cost Charges Reserve	249,762	155,000	156,049
Transfer to General Capital Fund	-	-	205,020
Transfer to Own Reserve - Future Expenditures	292,300	-	276,800
Transfer to/(from) Surplus	250,173	(155,876)	560,376
TOTAL EXPENDITURE	$ 4,143,829	$ 4,273,405	$ 4,095,962

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
FIXED ASSETS		
Engineering Structures	$ 42,762,406	$ 41,456,900
Buildings	54,711	54,711
Machinery and Equipment	247,517	179,272
Land	338,566	475
	$ 43,403,200	$ 41,691,358
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Due to General Revenue Fund	$ 601,614	$ 245,871
LONG-TERM DEBT		
Debentures Authorized and Issued	3,891,909	4,130,719
EQUITY IN CAPITAL ASSETS	38,909,677	37,314,768
	$ 43,403,200	$ 41,691,358

WATER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 37,314,768	$ 36,519,459
ADD		
Provincial Government	(242)	12,946
Development Cost Charges Reserve Fund	18,863	-
Utility Capital Reserve Fund	338,091	-
Utility Revenue Fund	791,793	365,043
Other Contributions	207,594	75,249
Retirement of Long-term Debt	167,846	213,210
Actuarial Sinking Fund Requirement	70,964	128,861
	1,594,909	795,309
BALANCE, END OF YEAR	$ 38,909,677	$ 37,314,768

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCES ACQUIRED		
Transfers from		
Provincial Government	$ (242)	$ 12,946
Development Cost Charges Reserve Fund	18,863	-
Utility Capital Reserve Fund	338,091	-
Utility Revenue Fund	791,793	365,043
Other Contributions	207,594	75,249
Temporary Borrowings and Payables at End of Year	601,614	245,871
	$ 1,957,713	$ 699,109
FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	$ 245,871	$ 274,371
Expenditure for Fixed Assets	1,711,842	424,738
	$ 1,957,713	$ 699,109

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Revenue Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
RECEIVABLES		
General Revenue Fund	$ 2,848,038	$ 3,141,500
Utility Rates	1,210,622	1,275,824
Other	259,246	142,320
MATERIALS AND SUPPLIES	1,468,673	1,476,792
	$ 5,786,579	$ 6,036,436
LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	$ 398,558	$ 177,062
RESERVE FOR FUTURE EXPENDITURES	118,500	34,610
SURPLUS		
Balance at beginning of year	5,824,764	4,520,782
Transfer from/(to) Electric Revenue	(555,243)	1,303,982
Balance at end of year	5,269,521	5,824,764
	$ 5,786,579	$ 6,036,436

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Revenue Fund

Statement of Revenues and Expenditures

For the year ended December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
REVENUE			
Rates	$ 19,075,052	$ 19,197,441	$ 18,059,807
Recoveries - Connections & Other	464,528	538,485	412,600
Transfer from Own Reserve - Future Expenditures	34,610	34,610	-
TOTAL REVENUE	$ 19,574,190	$ 19,770,536	$ 18,472,407
EXPENDITURE			
Administration	$ 1,427,547	$ 1,608,613	$ 1,359,408
Electrical Energy Purchased for Resale	13,334,875	13,690,560	12,494,649
Transmission and Distribution	448,971	307,000	219,301
Customer Billing and Collection	278,094	280,833	261,127
Other	60,791	62,000	44,690
Transfer to Own Reserve - Future Expenditures	118,500	-	34,610
Contributions to Capital Fund	584,585	1,017,110	459,540
Transfer to General Revenue Fund	2,091,724	171,441	1,081,070
Transfer to General Capital Fund	1,784,346	3,366,541	1,214,030
Transfer to/(from) Surplus	(555,243)	(733,562)	1,303,982
TOTAL EXPENDITURE	$ 19,574,190	$ 19,770,536	$ 18,472,407

ELECTRIC SYSTEM UTILITY
Capital Fund

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
FIXED ASSETS		
Engineering Structures	$ 17,498,350	$ 16,673,034
Buildings	1,733,000	1,723,152
Machinery and Equipment	385,427	374,628
Land	61,896	61,896
	$ 19,678,673	$ 18,832,710
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
EQUITY IN CAPITAL ASSETS	$ 19,678,673	$ 18,832,710
	$ 19,678,673	$ 18,832,710

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2003
(With comparative figures for 2002)

	2003	2002
BALANCE, BEGINNING OF YEAR	$ 18,832,710	$ 18,130,866
ADD		
Utility Revenue Fund	584,585	459,540
Other Contributions	261,378	242,304
	845,963	701,844
BALANCE, END OF YEAR	$ 19,678,673	$ 18,832,710

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY

Statement of Capital Financing

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	$ 584,585	$ 459,540
Other Contributions	261,378	242,304
	$ 845,963	$ 701,844
FINANCES APPLIED		
Expenditure for Fixed Assets	$ 845,963	$ 701,844
	$ 845,963	$ 701,844

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

CEMETERY PERPETUAL CARE TRUST FUND

Balance Sheet

December 31, 2003
(With comparative figures for 2002)

	2003	2002
ASSETS		
BANK TERM DEPOSITS	$ 530,000	$ 491,000
RECEIVABLES		
General Revenue Fund	21,080	20,047
ACCRUED INTEREST	13,580	11,981
	$ 564,660	$ 523,028
SURPLUS		
BALANCE, BEGINNING OF YEAR	$ 523,028	$ 477,815
Add:		
Care Fund Contributions	18,947	18,867
Interest Earned	22,685	26,346
	$ 564,660	$ 523,028

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

DETAILS OF REVENUE **Schedule 1-1**

December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
SALES OF SERVICE			
General Government Services			
Administration - General	$ 227,062	$ 374,006	$ 225,475
Administration - Utilities	1,520,813	1,520,792	1,443,310
Equipment Usage/Labour Load Rates	753,724	753,724	772,846
	2,501,599	2,648,522	2,441,631
Protective Services			
Fire Protection Fees	566,400	571,398	541,929
Fire Department Recoveries	875,149	62,112	63,183
Prisoner Expense Recoveries	242,725	106,659	225,362
R.C.M.P. Recoveries	45,996	44,604	54,775
	1,730,270	784,773	885,249
Transportation Services			
Transit System	481,801	448,500	451,701
Parking Meter Fees	134,761	115,000	107,478
Engineering Recoveries	43,799	22,500	14,919
Public Works Recoveries	53,936	85,600	44,864
	714,297	671,600	618,962
Environmental Health and Services			
Garbage Collection Rates	610,230	617,000	609,954
Recycling Recoveries	399,070	414,200	432,598
	1,009,300	1,031,200	1,042,552
Public Health and Welfare Services			
Cemetery	153,467	170,450	147,428
Cemetery Care Fund Contributions	18,947	16,000	18,867
	172,414	186,450	166,295
Environmental Development Services			
Convention Centre Rental & Services	503,860	483,500	502,731

GENERAL REVENUE FUND

DETAILS OF REVENUE **Schedule 1-2**

December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
Recreational and Cultural Services			
Community Centre	841,163	687,400	652,502
Okanagan Lake Marina	17,801	19,950	17,071
Skaha Lake Marina	12,000	12,000	12,000
Edmonton Ave/Arts Centre	22,759	23,000	22,757
Memorial Arena	264,821	235,600	233,333
McLaren Arena	200,114	200,400	200,662
Parks Leases & School Facilities	99,734	112,506	108,534
Parks Work Orders Recoveries	6,179	6,000	6,179
Museum Sales/Donations	18,449	12,150	13,484
	1,483,020	1,309,006	1,266,522
Other Revenue			
Development Cost Charges	588,582	616,000	443,826
	$ 8,703,342	$ 7,731,051	$ 7,367,768
OTHER REVENUE FROM OWN SOURCES			
Licences and Permits			
Business Licence Fees	$ 438,765	$ 430,000	$ 426,820
File Search / Covenant Registration	2,226	1,700	2,103
Commercial Vehicle Licence Fees	7,927	11,000	9,404
Building Permits	453,618	213,500	352,082
Plumbing Permits	31,536	15,200	32,816
Dog Licences and Violations	46,485	44,000	48,089
	980,557	715,400	871,314
Traffic & Municipal Fines	95,742	60,000	58,707
Building Rentals & Leases	310,428	292,337	291,320
Franchise	359,909	412,000	413,788
Gaming Proceeds	2,020,348	1,700,000	1,830,601
Investment Income	805,427	480,000	769,610
Penalties and Interest on Taxes	137,417	167,000	136,994
Land Sale Proceeds and Right of Way Contributions	160,500	-	106,726
Miscellaneous	374,069	267,120	299,795
	$ 5,244,397	$ 4,093,857	$ 4,778,855
UNCONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS			
Provincial Government			
Revenue Sharing - Traffic Fines	$ 82,396	$ 83,000	$ 84,239
	$ 82,396	$ 83,000	$ 84,239

GENERAL REVENUE FUND

DETAILS OF REVENUE **Schedule 1-3**

December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
CONDITIONAL TRANSFERS FROM OTHER GOVERNMENTS			
Federal Government			
Other - JEPP, Crime Prevention	$ 2,684	$ 15,000	$ 4,680
Other - RRAP Agency Fees, etc.	2,923	750	2,597
Provincial Government			
Emergency Measures Program	-	2,000	1,696
Cultural Services - Museum Grant	6,150	6,150	6,150
Nights Alive Program	7,544	-	7,544
Victim Services Program	52,500	52,498	37,308
Various Grants - Other	15,624	-	12,368
	$ 87,425	$ 76,398	$ 72,343
CONDITIONAL TRANSFERS FROM REGIONAL AND LOCAL GOVERNMENTS AND BOARDS			
Regional District Okanagan Similkameen			
Community Centre Grant	$ 20,000	$ 20,000	$ 20,000
Retirement Centre Grant	6,000	6,000	6,000
Victim Services Grant	6,959	6,959	5,670
	$ 32,959	$ 32,959	$ 31,670
TRANSFER FROM OWN RESERVES			
Marinas	$ 11,538	$ 70,746	$ -
Investment Income Stabilization	250,000	230,000	275,000
Special Events Site	-	10,000	3,346
Reserve for Future Expenditures	648,709	613,709	859,559
Facilities Improvements	-	-	95,272
Public Art	888	-	52,477
Downtown Revitalization	188,282	309,632	37,356
Downtown Parking	2,000	2,000	-
Other-Trail	-	-	30,000
Gaming	539,795	760,000	2,368,542
	$ 1,641,212	$ 1,996,087	$ 3,721,552

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

DETAILS OF EXPENDITURE **Schedule 2-1**

December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
GENERAL GOVERNMENT SERVICES			
Legislative	$ 215,698	$ 218,100	$ 198,445
General Administration	3,777,710	3,659,365	3,307,255
Civic Grants	440,849	416,622	460,055
Information Technology Services	773,307	1,043,922	706,064
	$ 5,207,564	$ 5,338,009	$ 4,671,819
PROTECTIVE SERVICES			
Police Protection	$ 4,855,285	$ 5,037,750	$ 4,578,985
Fire Protection	3,854,721	3,096,946	2,984,830
Emergency Measures	5,616	5,600	4,398
Animal Control	80,341	90,883	78,154
Building and Licence Inspections	326,736	343,987	298,417
	$ 9,122,699	$ 8,575,166	$ 7,944,784
TRANSPORTATION SERVICES			
Common Services	$ 200,239	$ 349,012	$ 187,090
Road Transport	1,742,938	1,839,672	1,739,703
Transit System	672,884	686,500	624,866
	$ 2,616,061	$ 2,875,184	$ 2,551,659
ENVIRONMENTAL HEALTH SERVICES			
Garbage and Waste Collection/Disposal	$ 937,962	$ 996,063	$ 976,354
PUBLIC HEALTH SERVICES			
Cemetery	$ 108,440	$ 110,824	$ 107,957
ENVIRONMENTAL DEVELOPMENT SERVICES			
Planning & Zoning	$ 477,404	$ 865,957	$ 533,898
Economic Development	148,822	148,822	148,723
Community Development	100,484	92,300	106,929
Convention Centre	939,004	736,582	915,549
Tourism	328,141	324,385	306,207
	$ 1,993,855	$ 2,168,046	$ 2,011,306

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

DETAILS OF EXPENDITURE **Schedule 2-2**

December 31, 2003
(With comparative figures for 2002)

	2003 Actual	2003 Budget (Unaudited)	2002
RECREATION AND CULTURAL SERVICES			
Recreation Programs	$ 1,793,140	$ 1,739,599	$ 1,611,849
Community Centre and Halls	669,027	608,819	627,322
Beaches and Marinas	210,767	176,991	190,424
Arenas	766,304	720,384	746,727
Parks, Playgrounds, Misc Facilities	1,444,473	1,625,542	1,339,481
Cultural Facilities			
Museum and Arts Centre	222,664	264,030	237,751
Penticton Public Library	817,709	817,709	797,435
	$ 5,924,084	$ 5,953,074	$ 5,550,989
TRANSFER TO OWN RESERVES			
Gaming	$ 2,020,348	$ 1,700,000	$ 1,830,601
Parking Lots	3,120	3,120	3,120
Public Art	2,104	20,770	23,438
Special Events Site	2,400	-	-
Marinas	29,801	31,950	29,071
Cemetery Lands	25,000	25,000	25,000
Vehicle Insurance	5,000	5,000	5,000
Downtown Revitalization	150,000	150,000	150,000
Future Expenditures - Capital	1,886,488	-	505,302
Future Expenditures - Operating	159,098	-	159,098
Liability Insurance	50,000	-	50,000
Equipment/Benefits Rate Stabilization	134,825	-	-
Public Works Improvements	-	-	21,701
Investment Income Stabilization	327,628	-	339,610
	$ 4,795,812	$ 1,935,840	$ 3,141,941

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SCHEDULE OF FIXED ASSETS **Schedule 3-1**

December 31, 2003

	Assets at Cost 12/31/02	Net Additions	Assets at Cost 12/31/03
GENERAL FIXED ASSETS			
General Government			
City Hall	$ 1,369,894	$ 17,090	$ 1,386,984
Office Equipment	1,117,249	47,503	1,164,752
Data Processing Equipment	2,575,341	759,561	3,334,902
	5,062,484	824,154	5,886,638
Protection of Persons and Property			
Fire Hall - Building	1,244,506		1,244,506
- Equipment	3,475,551	140,696	3,616,247
R.C.M.P. - Building	4,632,759	5,856	4,638,615
- Equipment	209,151	1,020	210,171
Civil Defense	32,853		32,853
Dog Pound	10,245		10,245
	9,605,065	147,572	9,752,637
Transportation Services			
Equipment - Vehicles	3,838,445	108,027	3,946,472
- Machinery	2,464,003	(1,820)	2,462,183
- Warehouse	346,641	18,640	365,281
- Garage	207,169	11,373	218,542
Yards and Buildings	1,724,151	2,145	1,726,296
Bridges and Culverts	419,683	86,830	506,513
Sidewalks, Curbs/Gutters	5,658,272	392,969	6,051,241
Footpaths and Walkways	683,898	21,219	705,117
Boulevard and Cablestrips	630,016	28,193	658,209
Bus Shelters	11,269		11,269
Parking Meters	213,331	108,800	322,131
Parking Areas	1,010,489	35,835	1,046,324
Traffic Control Equipment	833,358	16,318	849,676
Street Lighting	1,922,927	41,610	1,964,537
Creek Improvements	382,319		382,319
Streets and Lanes	13,942,197	758,910	14,701,107
Secondary Hwys and Collectors	9,293,126	211,389	9,504,515
Street and Traffic Signs	110,517		110,517
Grading and Drainage	9,810,541	430,883	10,241,424
	$ 53,502,352	$ 2,271,321	$ 55,773,673

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SCHEDULE OF FIXED ASSETS **Schedule 3-2**

December 31, 2003

	Assets at Cost 12/31/02	Net Additions	Assets at Cost 12/31/03
GENERAL FIXED ASSETS			
Sanitation and Waste Removal			
Landfill Sites	$ 143,573		$ 143,573
Garbage Containers	18,658		18,658
	162,231	-	162,231
Leisure Services			
Okanagan Lake Marina	673,698	4,853	678,551
Skaha Marina	384,270		384,270
Centennial Fountain	35,000		35,000
S.S. Sicamous	192,190	1,423,828	1,616,018
Buildings - Library/Museum	1,525,594	18,806	1,544,400
- Jubilee Pavilion	77,742		77,742
- Kings Park	219,499		219,499
- McLaren Arena	756,725	33,216	789,941
- Memorial Arena	3,067,419	23,845	3,091,264
- Convention Centre	7,099,208	211,668	7,310,876
- Nanaimo Hall	43,435	18,433	61,868
- Community Centre	6,538,679	33,859	6,572,538
- Edmonton Ave Centre	27,320		27,320
Parks and Playgrounds	1,347,762		1,347,762
Parks and Recreation Development	6,074,152	443,417	6,517,569
Parks Tools and Equipment	1,130,211	131,862	1,262,073
Park Lighting	11,685		11,685
Special Events Site	420,448		420,448
Wine & Information Centre	664,450		664,450
Curling Centre	102,286	3,376	105,662
Equipment - Memorial Arena	344,588		344,588
- McLaren Arena	188,708	1,147	189,855
- Museum	193,464	12,519	205,983
- Convention Centre	752,924	56,011	808,935
- Arts Centre	93,259	38,978	132,237
- Community Centre	65,660	5,955	71,615
- Recreation	460,725	36,470	497,195
- Library	690,078	16,698	706,776
	33,181,179	2,514,941	35,696,120
Miscellaneous			
Cemetery	607,020	8,514	615,534
TOTAL FIXED ASSETS (Excluding Land)	$ 102,120,331	$ 5,766,502	$ 107,886,83

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SCHEDULE OF FIXED ASSETS

Schedule 3-3

December 31, 2003

	Assets at Cost 12/31/02	Net Additions	Assets at Cost 12/31/03
LAND			
City Hall	$ 482,878		$ 482,878
Fire Halls	171,121		171,121
RCMP	723,791		723,791
City Yards	47,299		47,299
Streets and Lanes	1,769,262	42,981	1,812,243
Landfill Sites	50,000		50,000
Parks and Playgrounds	6,287,118	269,927	6,557,045
Memorial Arena	2,727		2,727
Cemetery	128,949		128,949
School Sites	21,832		21,832
Other Properties	1,078,881		1,078,881
	10,763,858	312,908	11,076,766
TOTAL GENERAL FIXED ASSETS	$ 112,884,189	$ 6,079,410	$ 118,963,599

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SCHEDULE OF FIXED ASSETS **Schedule 3-4**

December 31, 2003

	Assets at Cost 12/31/02	Assets Acquired	Assets at Cost 12/31/03
UTILITIES			
Water System - Irrigation			
Dams and Intakes	$ 1,074,155	$ 38,215	$ 1,112,370
Pipelines	2,225,045		2,225,045
	3,299,200	38,215	3,337,415
Water System - Domestic			
Distribution System	15,904,072	845,170	16,749,242
Water Treatment System	20,297,744	19,487	20,317,231
Pumping Equipment and Buildings	2,189,867	470,879	2,660,746
	38,391,683	1,335,536	39,727,219
Land	475	338,091	338,566
	$ 41,691,358	$ 1,711,842	$ 43,403,200
Electric System			
Distribution System	$ 17,047,662	$ 836,115	$ 17,883,777
Substations	1,723,152	9,848	1,733,000
	18,770,814	845,963	19,616,777
Land - Substation Sites	61,896		61,896
	$ 18,832,710	$ 845,963	$ 19,678,673
Sewer System			
Mains	$ 8,376,560	$ 295,870	$ 8,672,430
Connections	1,390,627	11,385	1,402,012
Treatment Plant	24,081,904	289,348	24,371,252
Machinery and Equipment	264,057	10,805	274,862
	34,113,148	607,408	34,720,556
Land - Treatment Plant Site	137,521		137,521
	$ 34,250,669	$ 607,408	$ 34,858,077
TOTAL UTILITIES	$ 94,774,737	$ 3,165,213	$ 97,939,950

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Debt Issued and Outstanding

Schedule 4-1

December 31, 2003

Number	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate	Payee	2004 Payments Interest	2004 Payments Principal
8858	08-May-89	Okanagan Lake Pump Stn	350,000	142,550	20	2009	10.90	R.D.O.S.	19,670	10,585
9504	12-Apr-95	Water Treatment Plant	1,000,000	711,210	20	2015	8.5	R.D.O.S.	88,800	30,243
9542	01-Dec-95	Water Treatment Plant	3,000,000	2,133,631	20	2015	7.75	R.D.O.S.	240,000	90,728
9608	01-Jun-96	Water Treatment Plant	1,200,000	904,518	20	2016	7.25	R.D.O.S.	93,000	36,291
			5,550,000	3,891,909					441,470	167,847
4167	15-May-84	Sewer System	500,000	-	20	2004	No further cash payments required		-	-
8903	09-Nov-89	Sewer - Treatment Plant	2,500,000	1,018,217	20	2009	6.5	R.D.O.S.	162,500	75,606
8962	15-May-90	Sewer - Treatment Plant	1,200,000	557,176	20	2010	6.5	R.D.O.S.	69,000	36,291
			4,200,000	1,575,393					231,500	111,897
3859*	01-Dec-80	Community Centre	2,032,632	482,610	25	2005	7.75	R.D.O.S.	117,607	225,708
20005	12-Apr-00	RCMP Building	2,500,000	2,261,651	20	2020	6.45	R.D.O.S.	161,250	75,606
20046	07-Nov-00	RCMP Building	1,500,000	1,356,990	20	2020	6.36	R.D.O.S.	95,400	45,364
200123	21-Dec-01	Government Street	1,380,000	780,000	5	2006	Variable	M.F.A.	30,000	300,000
			7,412,632	4,881,251					404,257	646,678
	Total Debt		$ 17,162,632	$ 10,348,553					$ 1,077,227	$ 926,422

* Stated in U.S. Dollars

Outstanding Amount as at December 31, 2003	
U.S. Debt	$ 482,610
Canadian Equivalent	651,524
Exchange Difference	$ 168,914

GOVERNMENT GRANTS

Schedule 5

December 31, 2003
(With comparative figures for 2002)

	2003	2002
FEDERAL GRANTS		
In Lieu of Taxes	$ 65,088	$ 61,834
Canada Assistance Grant	2,684	4,680
Government Programs	71,856	2,597
	139,628	69,111
PROVINCIAL GOVERNMENT		
Revenue Sharing - Traffic Fines	82,396	84,239
In Lieu of Taxes	107,794	107,956
Victim Services Program	52,500	37,308
Kid's Zone Program	10,312	-
Nights Alive Youth Program	7,544	7,544
Cultural Services - Museum	6,150	6,150
Various Grants - General Operating	5,312	14,065
Various Grants - General Capital	85,989	210,915
Home-Owner Assistance Grant	5,035,099	4,946,641
Emergency Measures Program	-	1,696
Sewer Utility Grants	-	15,386
Water Utility Grants	(242)	12,946
Okanagan Basin Water Board Grant	195,427	200,306
	5,588,281	5,645,152
REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN		
Community Centre Grant	20,000	20,000
Penticton & District Retirement Centre	6,000	6,000
Victiim Services Grant	5,640	5,640
	31,640	31,640
	$ 5,759,549	$ 5,745,903

PENTICTON PUBLIC LIBRARY

(Established under the Provisions of the
Public Libraries Act of British Columbia)

STATEMENT OF REVENUE AND EXPENDITURE

December 31, 2003
(With comparative figures for 2002)

	2003	2002
REVENUE		
Grant City of Penticton		
- Operating	$ 624,929	$ 622,990
- Building and Administration	154,006	153,035
- Equipment Depreciation	22,076	17,088
- Capital	16,698	4,322
Grant Province of B.C. - Operating	83,756	78,062
Grant - Outlook/Legal Services Society	2,326	2,141
Grant - Youth @ BC	4,330	8,560
Okanagan Regional Library Contract	52,800	55,770
Interest Earned	2,939	2,321
Fines and Fees	27,604	26,125
Miscellaneous Revenue	12,944	16,324
Photocopy Revenue	3,375	3,341
Donations	2,604	1,055
Legacy/Estate Funds	855	1,571
Equipment Replacement Fund	16,363	38,156
	1,027,605	1,030,861
Surplus at Beginning of Year	47,297	52,472
Total Revenue	1,074,902	1,083,333
EXPENDITURE		
Building and Administration	154,007	153,035
Equipment Allowance	22,076	17,088
Acquisitions - Books	147,381	143,615
- Periodicals	15,077	20,633
- Software	6,508	5,636
- Videos/Audio/Online Subscriptions	5,794	8,181
Book Binding	4,066	3,950
Equipment Maintenance	26,264	18,196
Office Supplies	30,850	32,182
Postage, Freight, Courier, Mileage	3,257	5,355
Salaries and Benefits	571,610	568,690
Staff/Trustee Training and Development	5,130	3,955
Telephone/Fax/Internet	7,935	6,792
Program Support	197	203
Legacy/Estate Projects	724	6,047
Total Operating Expenditure	1,000,876	993,558
Capital Equipment	16,698	42,478
Total Expenditure	1,017,574	1,036,036
SURPLUS AT END OF YEAR	$ 57,328	$ 47,297

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1994*	1995*	1996**	1997**	1998**	1999**	2000**	2001***	2002***	2003***
Population	27,258	27,258	30,987	30,987	30,987	30,987	30,987	30,985	30,985	30,985
Assessed Values - General										
Land	929,990,673	1,019,499,773	1,018,854,562	1,012,811,459	1,040,610,909	1,033,714,732	995,628,640	999,082,549	1,000,376,974	1,022,385,901
Land Exempt	115,573,104	136,200,788	133,761,705	123,682,126	149,736,660	150,917,460	142,114,754	141,266,606	140,756,657	148,912,016
Taxable Land	814,417,569	883,298,985	885,092,857	889,129,333	890,874,249	882,797,272	853,513,886	857,815,943	859,620,317	873,473,885
Improvements	1,175,059,656	1,271,255,056	1,292,112,550	1,316,138,957	1,323,537,812	1,320,489,436	1,337,405,103	1,344,556,402	1,391,386,900	1,490,127,901
Improvements Exempt	142,807,889	178,613,156	184,779,178	203,523,095	190,320,833	183,869,582	192,252,631	192,570,333	197,516,990	202,748,963
Taxable Improvements	1,032,251,767	1,092,641,900	1,107,333,372	1,112,615,862	1,133,216,979	1,136,619,854	1,145,152,472	1,151,986,069	1,193,869,910	1,287,378,938
Total Taxable Assessment	1,846,669,336	1,975,940,885	1,992,426,229	2,001,745,195	2,024,091,228	2,019,417,126	1,998,666,358	2,009,802,012	2,053,490,227	2,160,852,823
Per Capita	67,748	72,490	64,299	64,600	65,321	65,170	64,500	64,864	66,274	69,739
Assessment Actually Taxed										
General Purposes	1,826,369,336	1,955,028,885	1,990,775,229	1,978,674,195	2,001,292,228	1,996,437,126	1,975,032,758	1,986,275,412	2,030,243,827	2,137,700,023
School Purposes	1,841,856,386	1,971,049,885	1,987,042,829	1,996,464,495	2,018,139,812	2,013,650,310	1,998,666,358	2,004,177,143	2,047,566,849	2,154,719,592
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Tax Levy										
General and Debt	10,597,303	11,228,346	11,652,354	12,027,944	12,598,784	12,830,351	13,390,448	14,140,577	14,882,630	15,926,729
School	10,657,072	11,001,205	11,164,085	11,297,397	11,436,496	11,648,997	11,630,813	11,671,618	11,913,141	12,152,121
Regional Hospital	813,278	774,538	776,646	797,707	902,325	917,656	962,087	1,982,487	1,979,438	1,980,515
Other (Excluding Irrigation)	4,586,010	4,726,729	4,833,946	4,593,328	4,789,742	4,852,941	5,012,389	5,102,716	4,995,324	5,008,308
Total Tax Levy	26,653,663	27,730,818	28,427,031	28,716,376	29,727,347	30,249,945	30,995,737	32,897,398	33,770,533	35,067,673
Total Levy (Including Irrigation)	26,794,696	27,871,700	28,567,946	28,856,371	29,867,421	30,390,103	31,136,579	33,037,202	33,910,115	35,206,896
Per Capita	983	1,023	922	931	964	981	1,005	1,066	1,094	1,136
General Mill Rate	5.313/7.97	5.244/7.866	5.384/8.076	5.529/8.294	5.706/8.559	5.805/8.708	6.128/9.192	6.436/9.654	6.6295/9.9443	6.753/10.1295
Tax Collection										
Current Taxes and Irrigation	26,259,995	27,140,558	27,960,965	28,255,700	29,329,134	29,771,871	30,565,077	32,586,106	33,353,856	34,685,099
% Current Levy Collected	98.0%	97.4%	97.9%	97.9%	98.2%	98.0%	98.2%	98.6%	98.4%	98.5%
Arrears and Delinquent	316,568	511,652	811,531	600,954	732,150	716,637	687,640	412,751	748,867	598,402
Total Taxes Collected	26,576,563	27,652,210	28,772,496	28,856,654	30,061,284	30,488,508	31,252,717	33,000,857	34,102,723	35,283,501
% of Current Levy	99.2%	99.2%	100.7%	100.0%	100.6%	100.3%	100.4%	99.9%	100.6%	100.2%
Arrears of Taxes	641,701	255,378	174,980	257,298	240,410	263,097	250,138	505,580	205,809	178,225
Per Capita	23.54	9.37	5.65	8.30	7.76	8.49	8.07	16.32	6.64	5.75
Debt										
Gross Debt	9,393,436	12,513,424	12,868,942	11,937,294	11,042,545	9,994,490	13,926,419	13,035,934	11,841,379	10,348,553
Per Capita	345	459	415	385	356	323	449	421	382	334
Analysis of Debt (Gross)										
Water Supply System	1,381,620	5,178,116	6,127,482	5,628,024	5,513,594	5,183,443	4,836,783	4,472,790	4,130,719	3,891,909
Sewer System	5,979,928	5,452,691	5,010,812	4,272,089	4,058,625	3,545,947	3,007,196	2,441,022	1,857,736	1,575,393
General	2,031,888	1,882,617	1,730,648	1,562,382	1,470,326	1,265,100	6,082,440	6,122,122	5,852,924	4,881,251

* 1991 Census ** 1996 Census ***2001 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Public Utilities										
Sewer										
Operating Profit/(Loss)	136,056	136,466	(340,837)	(60,064)	(52,404)	98,945	144,617	182,196	(47,480)	(38,384)
Domestic Water & Irrigation										
Operating Profit/(Loss)	-	-	-	(3,490)	570,491	631,749	(551,858)	408,648	407,987	250,173
Electric Light										
Operating Profit/(Loss)	2,496,832	1,955,092	1,955,013	2,175,190	2,769,318	3,016,523	3,067,867	3,363,493	3,422,494	3,320,827
General										
Building Permits Issued	40,146,357	38,725,960	41,530,318	23,157,321	33,196,718	22,619,600	18,796,519	31,093,176	35,928,297	46,681,982
Borrowing Power (net)	40,116,954	51,488,080	58,612,482	61,786,435	70,561,779	71,721,589	72,711,489	79,586,210	79,000,000*	80,000,000*

*estimated

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Notes to Financial Statements
December 31, 2003

1. ACCOUNTING POLICIES

(a) The municipality reports its activities on the fund accounting basis as followed by British Columbia municipalities;
(b) In accordance with accounting and reporting requirements of the Ministry of Municipal Affairs, depreciation is no longer recorded;
(c) The Consolidated Statements include all General, Capital and Utility Funds of the Municipality, including the Cemetery Perpetual Trust Care Fund;
(d) All fund bank accounts are consolidated in the General Revenue Fund;
(e) Inventories of materials and supplies are valued on a moving average basis;
(f) Capital assets are recorded at cost;
(g) Certain 2002 figures have been reclassified in order to be consistent with the account presentation of 2003.
(h) Short-term investments consist of bonds, investment certificates and call loans that are recorded at the lower of cost and fair market value.

2. DEBENTURE DEBT

Debentures unmatured and outstanding under Bylaws #3859, aggregating $482,610 (2002 - $680,913) are stated in United States funds. In accordance with generally accepted accounting principles for governmental reporting, no conversion to Canadian funds for these debentures has been made.

Principal payments due on the current debt are forecasted as follows:

2004	$926,422
2005	957,616
2006	708,420
2007	488,721
2008	543,427
Thereafter	6,723,947
	$10,348,553

3. PENSION LIABILITY

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 123,000 active contributors including approximately 28,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicated a funding surplus of $436 million for basic pension benefits. The next valuation will be as at December 31, 2003 with results available in 2004. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The City of Penticton paid $833,944 for employer contributions to the plan in fiscal 2003.

4. CONTINGENT LIABILITIES

(a) Under Section 836 of the *Local Government Act*, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2003, the long-term debt of the Regional District of Okanagan-Similkameen aggregated $26,363,589 (2002 - $27,333,762).

(b) As at December 31, 2003, certain other legal actions are pending against the Municipality, the outcome of which cannot be determined at this time. As it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts.

5. LETTERS OF CREDIT

In addition to the performance deposits reflected in the Balance Sheet, the City is holding irrevocable Letters of Credit in the amount of $2,194,863 which were received from depositors to ensure their performance of works to be undertaken within the city. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

6. REPORT BY OBJECT

	2003	2002
Payroll	$14,632,860	$13,766,436
Inventory	877,448	666,387

7. PRIOR PERIOD ADJUSTMENTS

The S.S. Sicamous is an historical vessel that is owned by the City of Penticton. The care and custody of this asset on behalf of the City is done by the S.S. Sicamous Restoration Society. The Society receives grant funds annually from the City, raises its own revenues and applies for grants from other government agencies. Over the past 13 years, the Society has made significant capital improvements to the vessel. The prior period adjustment recognizes the accumulated value of these improvements at $1,423,828. The capital assets and equity were increased, but this amount was not reflected in the activity statement.

In the current year, the City has removed prepaids from the consolidated net financial position. As a result, the prior year income has been reduced by $53,781 and an adjustment to opening equity was recorded for $126,307 for prior period prepaid amounts. No adjustment was made to the income statement for this amount. The current year adjustment to opening fund balance has been adjusted by $180,088 to remove the prior year's prepaid amount.